

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 NEA-10

/103 W

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R 240916Z JUN 75

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC 3222

INFO AMCONSUL ZAGREB

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E.O. 11652: N/A

TAGS: ENRG, EALR, ETRD YO

SUBJ: INFORMATION ON YUGOSLAV OIL SITUATION

REF : BELGRADE 3127

1. FOLLOWING ARE ITEMS OF INTEREST CONCERNING YUGOSLAV OIL SITUATION IN 1975 BASED ON COVERSACTIONS WITH YUGOSLAV PETROLEUM SPECIALIST AND SENIOR ECONOMIC OFFICIALS.

2. PROJECTED BREAK-DOWN OF YUGOSLAV OIL IMPORTS BY SOURCE IN 1975 SHOWS ABOUT 36 PERCENT IMPORTED FROM IRAQ, 30 PERCENT FROM USSR, 2 PERCENT FROM LIBYA, 1 PERCENT FROM ALGERIA. REMAINING 31 PERCENT SUPPLIED BY DOMESTIC PRODUCTION. BOTH SOVIET OIL (WHICH IS PAID FOR ON CLEARING BASIS) AND IRAQ IOL (PURCHASED ON CREDIT IN 1975) ARE REPORTEDLY PRICED ABOUT 15 TO 45 CENTS PER BARREL BLOW WORLD MARKET PRICE.

3. IRAQI OIL IS BEING DELIVERED IN 1975 ON CREDIT BASIS,
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TERMS OF CREDIT TWO YEAR GRACE PERIOD AND SEVEN YEAR

REPAYMENT PERIOD. REPORTEDLY IRAQ IS WILLING TO SUPPLY MORE OIL, BUT YUGOSLAVS ARE CAUTIOUS IN ACCEPTING AS THEY DO NOT WANT BECOME OVERLY DEPENDENT OF SINGLE SOURCE.

4. YUGOSLAVIA MAY IN FUTURE IMPORT MORE OIL FROM LIBYA WHICH HAS REPORTEDLY OFFERED CREDIT FOR DELIVERY OF SUBSTANTIAL QUANTITIES. HOWEVER, BECAUSE YUGOSLAV REFINERIES ARE GEARED TO PROCESSING IRAQI OIL THERE IS LITTLE DISPOSITION TO CHANGE CURRENT STRUCTURE OF OIL IMPORTS UNLESS DIFFERENCE IN CREDIT AVAILABILITY OR TERMS MAKE IT ADVANTAGEOUS TO DO SO.

5. DOMESTIC OIL PRODUCTION IS UP IN 1975 REFLECTING RAPID DEVELOPMENT OF 1974 DISCOVERIES IN CROATIA AND TOTAL YUGOSLAV PRODUCTION THIS YEAR IS FORECAST TO WELL EXCEED 1974'S LEVEL OF 2614 TONS.

6. YUGOSLAVIA HAS ORDERED DRILLING PLATFORM TO ASSIST IN SEARCH FOR POSSIBLE ADRIATIC OIL BUT DELIVERY IS AT LEAST ONE YEAR AWAY. IN MEANTIME, U.S. COMPANY IS SCHEDULED BRING PLATFORM TO SOUTHERN ADRIATIC IN SEPTEMBER/OCTOBER 1975. THE PROSPECTS OF FINDING OIL IN COMMERCIALY EXPLOITABLE DEPOSITS IN SOUTHERN ADRIATIC ARE DESCRIBED AS "PROMISING." (FYI :SAME WORD HAS BEEN USED FOR PAST ONE AND ONE-HALF YEARS.)

7. LOOKING AHEAD, YUGOSLAVIA INTENDS UTILIZE GAS AND COAL MORE INTENSIVELY AND BY 1980 PLANS IMPORT THREE BILLION CUBIC METERS OF NATURAL GAS FROM USSR AND TO PRODUCE EQUAL QUANTITIES DOMESTICALLY.

8. YUGOSLAVIA IS MOST INTERESTED IN U.S. RESEARCH ON COAL GASIFICATION AND IS FOLLOWING CLOSELY CHICAGO PILOT PLANT TO SEE IF NE COMMERCIAL PROCESSES USEABLE BY YUGOSLAV LIGNITE WILL BE AVAILABLE IN NEAR FUTURE.

9. ON CONSUMPTION SIDE, YUGOSLAVIA ANTICIPATES FIVE TO SIX PERCENT GLOBAL INCREASE IN 1975 IN COMPARISON WITH LIMITED OFFICIAL USE

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12 TO 13 PERCENT INCREASE IN PAST YEARS. WITHIN THIS OVERALL RISE, JET FUEL OIL CONSUMPTION IS FORECAST TO RISE ABOUT FOUR PERCENT, MOTOR GASOLINE FOUR PERCENT, DIESEL FUEL ABOUT FIVE PERCENT. CONSUMPTION OF RESIDUAL FUEL OIL IS HIGHER THAN PLANNED REPORTEDLY BECAUSE OF CROATIA'S USE THIS OIL IN THERMOELECTRIC PLANTS AND THERE COULD BE SHORTAGE RESIDUAL FUEL OIL LATER IN YEAR.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, IMPORT DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 24 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BELGRA03206
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750218-1028
From: BELGRADE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750619/aaaaaqry.tel
Line Count: 115
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 BELGRADE 3127
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUL 2003 by WorrelSW>; APPROVED <12 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INFORMATION ON YUGOSLAV OIL SITUATION
TAGS: ENRG, EALR, ETRD, YO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006